

Gold program not biased, Mint says

By Roger Boye

United States Mint officials are downplaying suggestions that Uncle Sam's gold-coin program will discriminate against small businesses.

"We've patterned our guidelines after other successful bullion-coin programs," said Michael J. Brown, assistant to U.S. Mint Director Donna Pope. "Months of work and much thought have gone into our decisions."

Beginning on Oct. 20, the mint plans to sell four types of gold pieces—dubbed "American Eagles"—to wholesale distributors, who in turn would send the coins to retailers for sale to individual investors. Under government guidelines announced in mid-summer, the distributors must have a net worth of at least \$50 million and liquid assets of at least \$10 million to help ensure that the coins are competitively priced and widely available.

But U.S. Rep. Frank Annunzio [D., Ill.], chairman of the House Subcommittee on Consumer Affairs and Coinage, contends that by setting such high standards, the mint has told small coin shops that their money "isn't as good as money from a handful of fat-cat dealers." Some of those small dealers have complained about the mint's guidelines.

Annunzio added that only six or eight companies would qualify as distributors under the mint's guidelines, although Brown suggested on Sept. 15 that the number might be as high as 30. Also, Brown said that each distributor will have the financial strength to buy back the gold coins from investors or small coin dealers.

"We must have a two-way market if the program is to sustain itself," Brown said. "People must be able to sell their gold coins to a ready buyer at a fair price—months or years later—even in an unsettled market."

Also, officials say, small coin dealers still will be able to sell the coins, although they won't be able to obtain them at the lowest cost directly from the U.S. Mint.